AMENDED IN SENATE AUGUST 25, 1998

AMENDED IN SENATE AUGUST 13, 1998

AMENDED IN SENATE JULY 30, 1998

AMENDED IN SENATE JULY 22, 1998

AMENDED IN SENATE JUNE 4, 1997

AMENDED IN ASSEMBLY MARCH 31, 1997

ASSEMBLY BILL No. 422

Introduced by Assembly Member Floyd

February 20, 1997

An act to repeal and add Section 19602 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 422, as amended, Floyd.   Horse racing: license fees.

Existing law permits any racing association in this state to authorize betting systems located outside of this state to accept wagers on a race or races conducted or disseminated by that association, and requires that association, when it does so, to pay a license fee to the state in an amount equal to 8% of the total amount received by the association from the out-of-state betting system.

This bill would repeal the provisions imposing the license fee, and would instead *exempt quarter horse associations from this fee, and instead* require that an amount equal to 8% of the

total amount received from the out-of-state betting system for quarter horse racing be distributed to the official registering agency for quarter horse racing. The bill would authorize racing associations to form partnerships, joint ventures, and other affiliations for the purpose of entering agreements with out-of-state betting systems. The bill would also provide that the remaining amount shall be distributed 50% as purses to the horsemen and horsewomen participating in the racing meeting and 50% as commissions to the association.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1   SECTION 1. Section 19602 of the Business and
2 Professions Code is repealed.
3   SEC. 2. Section 19602 is added to the Business and
4 Professions Code, to read:
5   19602. (a) Notwithstanding any other provision of
6 law, any racing association in this state may authorize
7 betting systems located outside of this state to accept
8 wagers on a race or races conducted or disseminated by
9 that association and may transmit live audiovisual signals
10 of the race or races and their results to those betting
11 systems, except that any authorization is subject to the
12 consent of the host association and applicable federal
13 laws, including, but not limited to, Chapter 57
14 (commencing with Section 3001) of Title 15 of the United
15 States Code.
16   ~~(b) (1) Any racing association described in~~
17 ~~subdivision (a), when it authorizes betting systems~~
18 ~~located outside of this state to accept wagers on a race,~~
19 ~~shall pay no license fee, but for quarter horse racing shall~~
20 ~~distribute an amount equal to 8 percent of the total~~
21 ~~amount received by the association from the out-of-state~~
22 ~~betting system as provided in~~
23   *(b) (1) Any racing association described in*
24 *subdivision (a), when it authorizes betting systems*
25 *located outside of this state to accept wagers on a race,*
26 *shall pay a license fee of 8 percent of the total amount*

1 *received by the association from the out-of-state betting*
2 *system, but for quarter horse racing shall distribute the 8*
3 *percent as provided in* paragraph (2). The remaining
4 amount received by the association from the out-of-state
5 betting system shall be distributed as follows: 50 percent
6 to the horsemen and horsewomen as purses and 50
7 percent to the association as commissions.
8 Notwithstanding any other provision of law, racing
9 associations may form a partnership, joint venture, or any
10 other affiliation in order to negotiate terms and
11 conditions of agreements with out-of-state betting
12 systems.
13   (2) *A thoroughbred association that hosts the series of*
14 *races known as the "Breeder's Cup" shall not be required*
15 *to pay to the state the license fees required pursuant to*
16 *paragraph (1). Amounts received by the association from*
17 *out-of-state betting systems as wagers on Breeder's Cup*
18 *races shall be distributed as follows: 50 percent as*
19 *commissions to the association that conducts the racing*
20 *meeting, and 50 percent as purses to the horsemen*
21 *participating in the meeting.*
22   *(3)* For quarter horse racing, 8 percent of the total
23 amount received by the association from the out-of-state
24 betting system shall be deposited with the official
25 registering agency pursuant to subdivision (b) of Section
26 19617.7, and shall thereafter be distributed in accordance
27 with subdivisions (c), (d), and (e) of Section 19617.7.
28   (c) With the permission of the board, wagers accepted
29 by betting systems located outside of this state may be,
30 but are not required to be, included in the parimutuel
31 pool of the association that conducts the racing meeting
32 in this state. If the wagers accepted by betting systems
33 located outside of this state are included in the
34 parimutuel pool of the association that conducts the
35 racing meeting in this state, the betting system located
36 outside of this state shall, if permissible under applicable
37 law, deduct from the total amount handled in each
38 conventional and exotic parimutuel pool the same total
39 percentages deducted pursuant to Article 9.5
40 (commencing with Section 19610) by the association that

1 conducts the racing meeting in this state. If the laws of the
2 jurisdiction in which the betting system is located do not
3 permit the betting system to deduct the same
4 percentages as are deducted by the association that
5 conducts the racing, the board may, nonetheless, permit
6 the inclusion of those out-of-state wagers in the
7 association's parimutuel pool if the board determines it to
8 be in the public interest of this state to do so.
9   (d) If wagers accepted by an association conducting
10 racing within the state and wagers accepted by a betting
11 system located outside of the state are combined in one
12 parimutuel pool and the association and the betting
13 system both deduct the same total percentages as set
14 forth in subdivision (c), the breakage shall be allocated
15 between the association and the betting system on the
16 basis of a calculation for distribution approved by the
17 board.
18   (e) If wagers accepted by an association conducting
19 racing within the state are combined in one parimutuel
20 pool with wagers accepted by a betting system located
21 outside the state and the association and the betting
22 system deduct different percentages from the amount
23 handled in the parimutuel pool, the precise calculation
24 and distribution of payments on winning tickets and
25 breakage between the association and the betting system
26 shall be on the basis of a calculation for distribution
27 approved by the board.
28   (f) The board shall report to the Department of
29 Finance whenever it approves a calculation for
30 distribution pursuant to subdivision (d) or (e) and the
31 projected impact of that calculation, if any, on state
32 revenues.
33   (g) Breakage allocated pursuant to this section to an
34 association conducting racing within this state shall be
35 distributed in the same manner as would be breakage
36 arising from wagers at the association in the absence of a
37 combined parimutuel pool. This section does not apply to
38 the disposition of breakage allocated to the betting
39 system located outside of the state.

1   (h) If wagers accepted by a betting system located
2   outside of this state are included in the parimutuel pool
3   of an association conducting racing in this state, funds in
4   the parimutuel pool attributable to unclaimed tickets
5   relating to wagers accepted by the association conducting
6   racing within the state shall be distributed in the same
7   manner as unclaimed tickets relating to wagers accepted
8   by that association in the absence of a combined
9   parimutuel pool. Funds in the parimutuel pool
10 attributable to unclaimed tickets related to wagers
11 accepted by the betting system located outside of this
12 state shall be allocated to that betting system, and this
13 section does not otherwise apply to the disposition of
14 those funds at that location outside of the state.

O